THE FURTHER EDUCATION CORPORATION OF MIDDLESBROUGH COLLEGE

MEETING OF AUDIT AND RISK COMMITTEE – 29.09.2023

CONFIRMED MINUTES

PRESENT: I Wright (Chair and CG), D Budd (CO), A Coleman Cooke (CO), M McClintock (CG).

AUDITORS: R Barnett (RSM), D Hoose (Mazars).

OFFICERS: Z Foster (Clerk), S Marshall (GD – Digital and Campus Services), K Parkinson (GD Human Resources), M Russell (VP – Finance and Registry), R Shuttleworth (CTO).

Key   CG - College Governor   CO – C-opted Governor)   CTO – Chief Technology Officer
             GD - Group Director   VP - Vice Principal

1. **Apologies for Absence and Welcome**
    R Anderson (CG), P Church (RSM), M King (CG), M Gibson (RSM),

    The Committee welcomed D Budd to his first Committee meeting as a Co-opted Governor.

    K Parkinson was also welcomed to the Committee for Item 6 (Risk Management).

2. **Declarations of Interest** – no declarations

3. **Private Discussion with RSM and Audit and Risk Committee**
    Members of staff left for this item while a private discussion took place.

4. **Unconfirmed Minutes of 23.06.2023** – were approved as a correct record

5. **Matters Arising not on the Agenda –** progress was outlined including individual items on the agenda where required.
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6. **Risk Management Update** (including risk registers)
    M Russell gave an update to the Risk Management meeting (attended by R Davies) and in relation to the 5 red risks. He also outlined where and why the SLT Risk Management group had reduced risks (TTE International; Worldwide event/act of God). He further detailed the cyber risk discussion which had concluded that the 9 score should remain at the present time.

    It was noted that there had been little significant movement as this was still early in the academic year but there may be some positive shifts by the November meeting.

    The Committee considered each of the red risks (*overall score in brackets*):

    i. **Staff retention and recruitment (16) -** K Parkinson gave a brief overview of the College's top risk highlighting some tentatively positive improvement in turnover figures from this time last year.

        Questions and discussion included: areas of concern for curriculum area recruitment (engineering and construction) and actions being taken to support this; A Level offers; enrolment in key areas and overall; collation of evidence for job offers being turned down; the process for and effect of market supplements, succession planning; benefits and rates of pay more widely (including the lack of a national pay spine and upcoming job evaluation review by the HR team).

        Clarification was sought on the updated turnover figures on the curriculum register which K Parkinson would respond to post meeting.

ii.   **Behaviour (16)** – S Marshall gave a positive account to the start of term at this early stage and reminded the Committee of the considerable work which had taken place last year to support all staff with student behaviour.

Governors queried whether this risk should be downgraded in light of the early improvements. After discussion, it was *agreed* that it would be prudent to wait till the November SLT review point to determine this fully.

iii.   **Qualification reform (16)** – M Russell confirmed that there had been no change since the June meeting and the Committee discussed the various complexities within the reform agenda.

As requested, Z Foster had invited O Rodley to the December meeting to update the Committee in some detail.

iv.   **Eton College (16)** – M Russell outlined the reasoning for the higher score with the next stage of approval having been passed and updated on recent early meetings with Eton College.

Governors discussed the potential impact on staffing, admissions, and A Levels provision and also possible future collaboration opportunities.

v.   **Finance (15)** – M Russell updated the Committee on progress since the June meeting.

The Committee queried the 'red' rating and M Russell outlined the dynamics behind the scoring which prevented movement at this stage.

The Committee further discussed the Access to HE provision in some detail with some initial suggestion for further SLT consideration in terms of the strategic direction in the future.

The *Cyber Security* risk score was also raised as the Committee had some concern at the June meeting. Officers cited the increased resilience which had impacted positively on the impact rating due to the move to the cloud, the enhanced cyber tools and strengthening of the infrastructure more widely.

The Committee further questioned third party issues and how sensitive data was handled and monitored which was outlined in full by R Shuttleworth.

It was *agreed* that a representative from the Committee would try to attend the future dates of the SLT Risk Management group. (*post meeting note* – M McClintock had volunteered for the November session).

The Emerging Risks document provided by RSM was acknowledged as useful background.

K Parkinson left the meeting at 1.30pm.

7.   **IT Security Action Plan Update**
R Shuttleworth gave an update to the enhancement of Smoothwall filter and also outlined the recent red team exercise performed by RSM in the summer.

Governors' discussion and questions focused on the red team exercise and included: the basic weaknesses identified and resulting actions; WiFi access restrictions; physical security and the complexities of this within a community environment and of the resulting initial action plan; staff response to the exercise outcomes (which had been positive in terms of learning and actions); MC digital identified issues and responses; and reception changes and actions.

The Committee and staff involved acknowledged the benefits of the red team exercise in terms of learning, heightened staff awareness and resulting actions.

The Committee then discussed the Student Exit Survey including clarification on the banning of gaming (for personal use not course use) and common themes which could be affecting students work and resulting responses which had included the resolution of the Teams issue and the provision of enhanced pcs suitable for digital work within classrooms.

More widely, the open approach by the College Management Team in their relationship with the Committee was commended.

8. **Health and Safety Audit Update**

S Marshall confirmed that the majority of actions (other than procurement) had been worked through and that there were no concerns with regards to progress. She reminded the Committee that the Fire Risk Assessment action plan was an ongoing activity and also updated the Committee on the Health and Safety team which was now at full complement.

Governors' discussion included: whether the Committee was too operational in this area (and IT) and clarification sought on; fire door closing, kitchen ground floor action and terminology of ratings (clarification of 'trivial' rating).

Action by S Marshall to provide certainty/clarification on fire door closure issue cited.

9. **Sustainability Strategy and Action Plan**

S Marshall gave an update on progress since the last meeting including approval by Corporate Services Committee (in which she had included Audit and Risk Committee comments). She detailed the importance of the upcoming conditions survey (to be completed by the end of the Autumn term) which would shape the strategy and action plan. She also outlined the next steps in terms of educational engagement within the College. Finally, she confirmed that D Budd had volunteered to be Link Governor for Sustainability.

Discussion included ensuring the finances to support the strategy and related complexities within this particularly for 'big ticket' items; the value of using refurbished equipment; wider environmental procurement (e.g. dyes) and the possibility of a future framework to support this; curriculum engagement activities, related Thrive activities and information and the new Green Team's future role in developing the ambition of the plan.

10. **Exception Report**

M Russell outlined the summary of progress against actions highlighting the actions from the recent GDPR audit and progress against the Health and Safety action plan (which also formed individual items on the agenda).

Clarification was sought regarding the current procurement support which was a mix between external (Tenet) and delegation within the wider purchasing and finance teams. It was confirmed that there was a named person from Tenet as the first point of contact.

11. **GDPR Audit Update**

M Russell updated on progress on the high priority areas including training activity by the new Data Protection Officer (DPO); a review to the register of processing activities and resulting working party to lead on this; the implementation of actions in relation to the Data Protection Impact assessment documents and policy amendments which had been approved by SLT and had been rolled out to all staff.

It was *agreed* to keep this on the agenda for the next meeting so progress could be monitored.

12. **Internal Audits 2023-2024**

12.1 Progress Report – R Barnett detailed a 100% completion record against plan for 2022-2023

12.2 Updated Internal Audit Strategy 2023-2024 – was received for information after agreed changes at the June meeting.

12.3 Annual Report 2022-2023 – the opinion was **Amber**/**Green** which was a strong positive opinion.

The Committee acknowledged the importance of this opinion in its assurance work.

R Barnett thanked all staff involved with the audits for their cooperation, support and progress on management actions.

R Shuttleworth left the meeting at 3.05pm

12.4 <u>Assessment against the ESFA Subcontracting Standard: funding year 2022-2023 Audit Report</u> – R Barnett gave a comprehensive account of this complex and highly prescriptive assessment. He detailed the next steps in terms of ESFA decision on whether the College complied with the standard which was expected in November.

M Russell gave some additional information in relation to the College subcontractor situation (1 subcontractor) in which controls were strong. He also outlined the requirement to submit a case to the ESFA for subcontracting usage which had been accepted in relation to the College's situation.

Governors sought clarification on the status of the audit and it was confirmed that the standard was new though the audit had always been reported upon.

A full discussion took place over leadership of the area and the complexities in terms of financial and quality leads. It was *agreed* that this ultimately came under Z Lewis's remit (within the Adult Education Strategy).

In terms of benchmarking, as this was a new standard there were no current benchmarks. RSM considered Middlesbrough College to be in the middle tier.

12.5 <u>Follow Up Report 2022-2023</u> – a brief update was given on the follow up management actions with a comprehensive update being given at the next meeting.

12.6 <u>Focus on Fraud newsletter</u> was received for information with related webinars drawn attention to.

13. Financial Statements and Regularity Auditor – Financial Statements 2022-2023 Update

D Hoose updated on progress with the forthcoming audit detailing some interim summer audit work in preparation for the main audit which would progress on 16 October. Outcomes would be shared at the December meeting as usual with all Governors being invited to hear the report from Mazars.

D Hoose also gave an update to the Committee on the potential year end move which seems less likely, albeit with a March data return becoming the norm and gave an update on FE college pensions.

14. Regularity Audit Self Assessment Questionnaire 2022-2023

M Russell presented the completed questionnaire to which he sought approval, subject to changes or more information from auditors. He highlighted a number of additions due to reclassification and the Managing Public Money guidance (MPM).

It was agreed to recommend that the 2022/ 2023 Regulatory Audit Questionnaire be approved by the Governing Body on 23 October 2023.

15. Audit and Risk Self Assessment Results 2023

Z Foster gave a brief summary of the recent positive self assessment completed by Committee members, auditors and College management.

<u>The Committee discussed</u>: the size of the Committee and further support of increasing this through the Search and Governance Committee; strengthening in terms of FE and Digital; training (general); communication (which overall was deemed sufficient); detail of papers with agreement that this was appropriate (albeit very detailed); possibly overlap in relation to the sustainability agenda; and the reasoning for the historic focus on IT which had moved onto cyber.

The Committee was satisfied overall with the assessment with the areas discussed above noted for future development/consideration as required.

16. Performance Indicators 2022-2023 and 2023-2024

M Russell presented the indicator documents for 2022-23 for both sets of auditors (who had both input into the 2022-23 documents) and gave assurance on re-appointment based on performance for both.

After full discussion, ***the following were recommended for approval by the Governing Body at its meeting of 23 October 2023:***

- The outcome of the 2022/ 2023 Performance Indicators for the Internal Auditor *(RSM)* to be received for information and approved for their accuracy.
- Confirmation of the re-appointment of the Internal Auditor (RSM) for a period of one year commencing 1 August 2023.
- The outcome of the 2022/ 2023 Performance Indicators for the Financial Statements / Regularity Auditor *(Mazars)* to be received for information and approved for their accuracy.
- Confirmation of the re-appointment of the Financial Statements / Regularity Auditor *(Mazars)* for a period of one year commencing 1 August 2023
- The 2023 / 2024 Performance Indicators for the Internal Auditor *(RSM)*
- The 2023 / 2024 Performance Indicators for the Financial Statements / Regularity Auditor *(Mazars)*

17. Committee Review of the Top Risks
After some discussion, it was ***agreed*** to use this item reflectively and to ensure clarity of responsibility of the Committee in relation to reporting and monitoring on risk for the Governing Body.

Specifically, for this September review, in light of the red team exercise, the culture around basic expectations of all staff was raised.

18. Any other Business
None taken

19. Dates of Meetings 2023-2024
19.1 Friday 8 December 2023 at 1pm
19.2 Friday 8 March 2024 at 1pm
19.3 Friday 21 June 2024 at 1pm

20. Members Discussion – members of staff and auditors left for this item.

The meeting closed at 4pm